

Consumer Buying Perception and Preferences towards Organized Retailing: An Empirical Analysis of Shopping Malls in Lucknow

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Abstract

Retail industry in India, being one of the largest retail industries in the world in terms of growth, provides goods and services to a large number of people from various strata of society. Retail sector also supports to create huge employment opportunities for the young generation as new form of organized retail sector has emerged within the retail industry. The objective of this paper is to examine the activities in which consumers engage in malls and why the mall culture is gaining acceptance among consumers. The paper focuses on the factors (specially demographic and social) which influence the shopping at malls in Lucknow. Another objective of study is to understand consumer behavior towards shopping malls and also to find out the consumer's satisfaction level from shopping malls.

The study finds that consumers prefer shopping, eating at food courts, window shopping and entertainment in the form of movies at multiplexes or video game parlors in malls. Consumers prefer the air conditioned environment(shopping ambiance), availability of several product categories under one roof, quality of service, car parking facilities, convenience of shopping and the confidence that the store-owner is not cheating in context of mall. So, the retail industry in India must take concrete steps to withstand the growing global competition in market.

Key Words: Consumer Behavior, Organized Retail, Unorganized Retail, Retail Ambiance, Window Shopping etc.

I. Introduction

Consumer:

Consumer is the king and hence it is the consumer who is the final end user of the product or services that determines what a business is. Therefore, it is required to perform a careful analysis of the habits, attitudes, motives and needs of consumers. In particular, a marketer should find answer to the following questions:

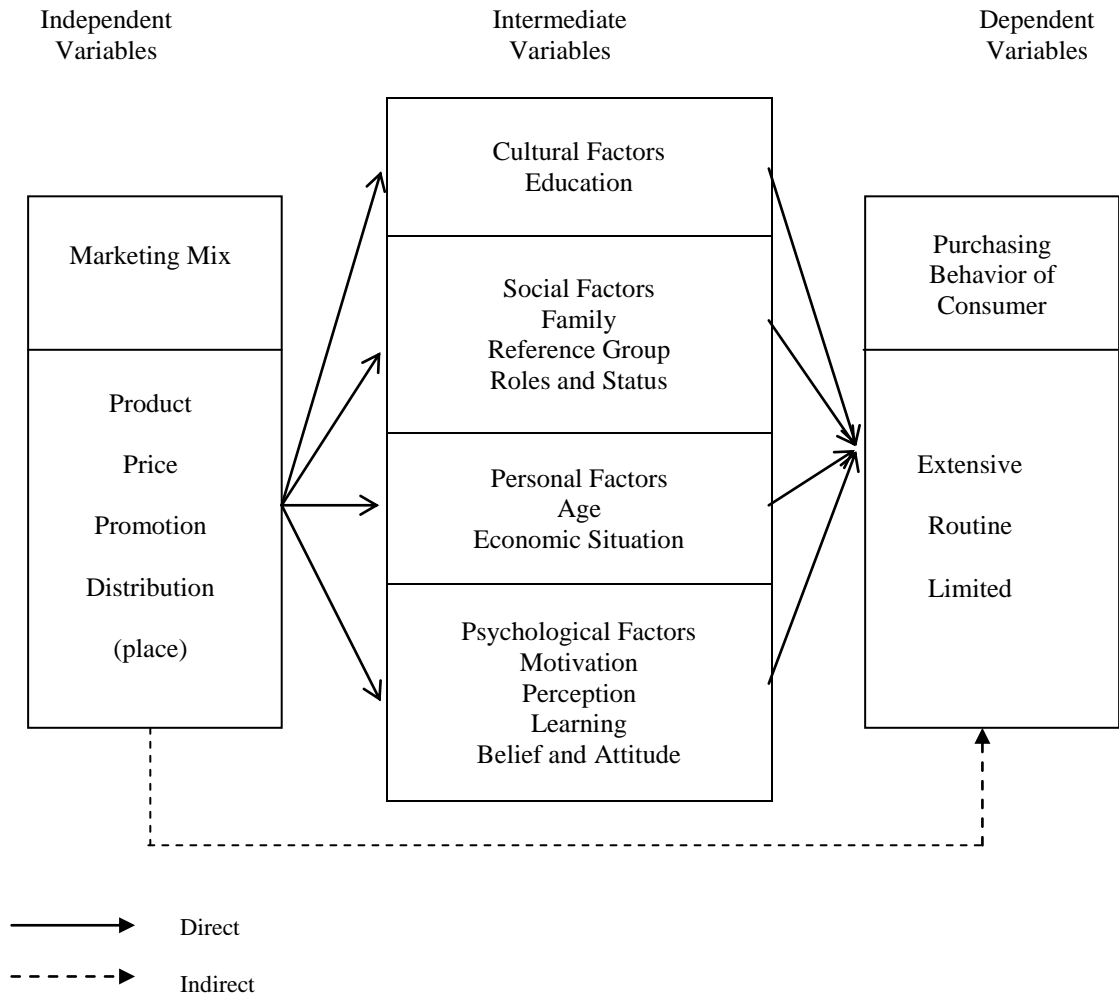
1. What are the kind products customers buy?
2. Why they buy them?
3. How they buy them?
4. When they buy them?
5. Where they buy them?
6. How often they buy them?

Consumer Buying Behavior

Our economy gets stronger depending upon the wealth of goods and services produced within the country. A huge number of alternative suppliers are present for almost all the products today: substitute products are available to consumers, who make decision to buy products. Therefore the main objective of the seller is to please the consumer at all times.

In order to be successful, sellers need to identify customer's preferences, what they buy, when they buy, why they buy and how they buy. Buying behavior of consumer is defined as the decision processes and acts of people involved in buying and using products.

Buying behavior refers to the buying behavior of ultimate consumers—those who purchase products for personal use and not for business purposes. Understanding buying behavior requires knowledge of the consumption process and consumer's perceptions of product utility.



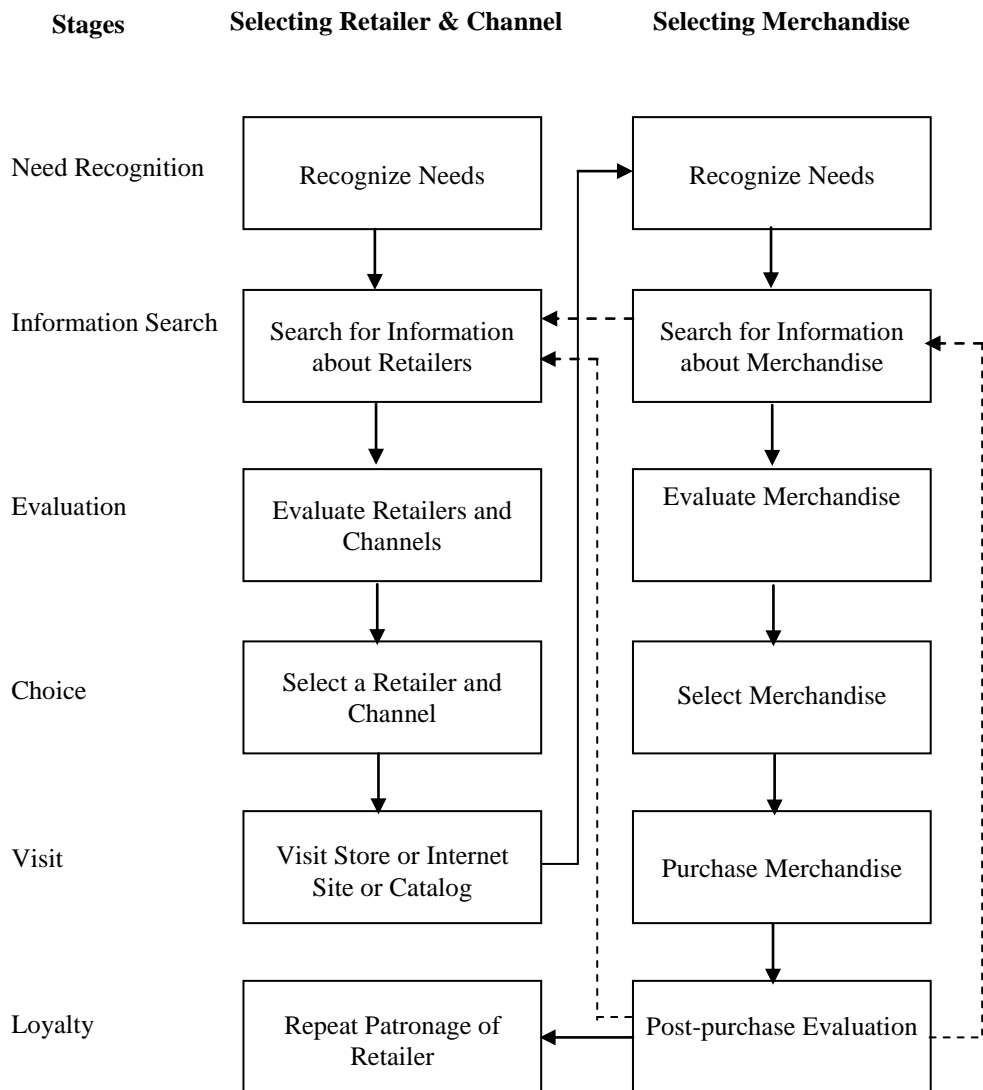


Fig: Stages in Buying Process

II. Factors Affecting Consumer Buying Behavior

Consumer buying behavior is influenced by the major three factors:

1. Social Factors
2. Psychological Factors
3. Demographical Factors

III. Literature Review

Burns and Warren, (1995) opined that since the store mix and product offerings of many regional shopping malls are very similar, often the primary discriminator between many of these centers is merely location. Making the choice to shop at a regional shopping mall other than the one nearest to one's place of residence, therefore, does not appear to be a logical choice in many instances. Such behaviour, however, appears to be relatively common.

According to **White, (2008)** malls and lifestyle center's now offer a fun and a social experience. Today, shopping center's are in the out-of-home entertainment and dining business as much as they are in the retail goods business.

Pashigian and Gould, (1998) stated that consumers are attracted to malls because of the presence of well-known anchors – department stores with recognized names. Anchors generate mall traffic that indirectly increases the sales of lesser-known mall stores. Lesser-known stores can free ride off of the reputations of better-known stores.

Shim and Eastlick, (1998) defined mall shopping attitude as the shopper's attitude towards a variety of dimensions including location, variety of stores, parking, mall employee behavior, price, quality, customer service, promotional activities, ambience, mall amenities, food-refreshments and safety. They suggest that mall patron's attitude towards malls can be assessed by shopper's cognitive belief about the importance and their effective evaluation of the 12 attributes.

Wakefield and Baker, (1998) examined the relationship between three factors—tenant variety, mall environment and consumer shopping involvement and studied the influence of these factors on shopper excitement and desire to stay at a mall. Their findings indicated a differential influence from the three factors. Tenant variety had the biggest

impact on shoppers' excitement, while the mall environment had the greatest influence on their desire to stay.

LeHew, Burgess and Wesley, (2002) investigated the feasibility of customer loyalty towards an enclosed mall. The purpose of their research was to determine if a loyal group exists and if so, investigate their assessment of mall characteristics to provide a better understanding of those attributes influencing a loyal response. The findings clearly stated that price, store personnel, store display, merchandise, mall facilities, atmosphere and location influenced the mall loyalty of customers.

Sinha, (2003) suggested in his research that the evolving retail environment in India seems to be affecting the orientation and Indian retailing is facing a transition. He established that the shoppers have a very limited choice of retail formats, an important variable in shaping orientation. He suggested that retailers in shopping malls need to take up the task of demonstrating the value added by the store – the format of the store could be the prime driver. The retailers delivering the experience of 'fun' would need to offer wider assortment and an ambience where the shoppers would like to spend more time.

Sinha and Banerjee, (2004) examined the store choice behavior of shoppers from buyer characteristics. The results revealed that shoppers gave prominence to proximity of the store, merchandise and services. While food (grocery) stores are chosen more on the basis of their proximity and long-term association, with merchandise and service contributing secondarily to enhanced utility, consumer durables stores are chosen based on merchandise and personal referrals, with ambience affecting their choice slightly. Stores dealing in apparel, books and music are chosen purely on ambience.

Fox, Montgomery and Lodish, (2004) found that households that prefer to spend more

at grocery stores also prefer to spend more at mass merchandisers like hypermarkets. Consumer expenditures are found to respond more to varying levels of assortment (in particular at grocery stores) and promotion than price.

Majumdar, (2005) in his study on customer loyalty in shopping malls found that mall accessibility and mall ambience have a significant influence on mall loyalty. He also established that mall loyalty, value perception (price-quality) and overall store impressions are found to be significant predictors of store loyalty. He stated that if the customers are not satisfied with the shopping malls as such, their loyalty to a particular store will decline and therefore suggested that it is essential for the mall managers to see that sound strategies are implemented to maintain a satisfactory level of patronage and loyalty.

Rajaguru and Matanda, (2006) in their paper studied consumer's perception of store and product attributes and customer loyalty in Indian context. Store attributes are assessed in the dimensions of store appearance, service quality and convenience of store. Product attributes and dimensions that were investigated included product quality, price and availability of new products. In their study, customer loyalty was considered as repeated purchasing behavior of consumer towards a store. The results suggested that except product price, other store and product attributes have positive effects on customer loyalty. Store attributes such as service quality and convenience of store and product attributes such as product quality, price and availability of new products, show significance towards customer loyalty.

Millan and Howard, (2007) examined shopping motives and behavior in shopping centers in Hungary, which had seen rapid and recent development in its retail structure. The data was collected through a mall intercept survey of 355 shoppers at seven large

shopping centers in five major cities in Hungary. The findings revealed that Hungarian consumers tend to approach shopping as work, despite the rapid development of the retail industry in the country.

Kainth and Joshi, (2008) attempted to examine in depth the customers and retailers satisfaction towards malls of Jalandhar in Punjab, India. Their results showed that the quality is the most preferred attribute of customer while shopping at a mall. Replacement guarantee, cash discount and free gifts are the most effective incentive schemes which the retailers are using for attracting the customers to their shops in the malls.

Patel, (2008) investigated the decision making styles of Indian shoppers in shopping malls and studied the variations in these styles across different demographic variables. Mall intercept survey was conducted across 128 active mall shoppers, to study the decision making styles of Indian shoppers in shopping malls. The consumers' decision making styles were identified by a structured questionnaire and the responses captured in six styles by conducting factor analysis. These decision making styles were: price consciousness, quality consciousness, recreational, confused by over-choice, novelty consciousness and variety seeking. This study revealed that the average Indian shopper was not very brand conscious, but quite price and quality conscious. It was found that single (un-married) consumers are more price conscious than married consumers. Indian consumers are recreational in their shopping. Shopping is a fun activity for them. Young consumers between the age group of 11–20 years were found to be the most frivolous in their shopping.

Chandok, (2008) in his study pointed out that the location of a retail store not only depends on the market and the product, but also on kind of customers it wants to target and the price band that the store needs to operate in. The author has discussed the factors

that need to be considered while choosing any business model for starting up of a retail business, which primarily are: elements of the format, information technology, location and finance, keeping in view the overall strategy, the competitive forces and regulations.

Bhattacharjee, (2009) highlighted the attraction points of shopping food and groceries in hypermarkets. He identified seven attraction points to visit a store and a retail format: price, promotions, hangout place, product range, product mix, ease of travel and parking comfort. He further said that the tolerance to commute is lowering. The people are willing to go 4 km or even more for hypermarkets /shopping malls, while for small format modern stores not more than half a kilometre. Expectation for a kirana store is less than 500 metres.

Ranjan, (2010) in his research examined the impact of retail outlets and malls on the purchase behaviour of middle class consumers. He comments that the successful organised retail chains and also the malls in the country today, operate at regional segments and are not aiming at the nationwide presence, at least for the time being. According to the author, in order to reach all classes of the society in India, organized retail formats should design a comprehensive and prospective business model which offers the quality product / services at affordable prices and generate more socially balanced business.

Table 1: Factors Affecting Consumer Buying Behaviour – Literature Review

Researcher	Major factors
Enis (1974)	personal factors, social factors
Cross and Peterson (1987)	social factors, physical factors
Dibb and Etal (1991)	personal factors, social factors, physical factors

Cohen (1991)	marketing mix, physical factors
Zikmond and Amico (1993)	social factors, environmental factors, individual factors
McCarthy and Perreault (1993)	physical factors, social factors
Narayyana and Raol (1993)	physical factors, social factors, cultural factors
Keegan (1995)	social factors, cultural factors, economic factors, geographic factors

IV. Research Objectives

1. To study consumer behavior towards shopping malls with reference to Lucknow.
2. To analyze the factors affecting buying preferences of consumers retail outlets in Lucknow.
3. To study the satisfaction level of consumers towards shopping malls.
4. To study the motivation of consumers towards organized retail malls in Lucknow.
5. To find and study the types (demographically) of consumers visit to the malls.

V. Research Methodology

The study is descriptive in nature to examine the consumer buying behavior towards malls in Lucknow. The sample used for research is 60 customers in **Phoenix mall, East End Mall, and Fun Republic Mall**. For data collection primary as well as secondary data collection methods were applied. For this purpose, a survey was conducted based on predetermined questionnaire to collect the primary data from the market. Consumer survey method was applied to know their buying behavior in different shopping malls in Lucknow.

It is very important for the marketers to know about their consumer buying behavior in shopping malls, their spending behavior and their opinion about the shopping malls, so that

they can increase their conversion ratio in shopping malls. For secondary data collection, magazines, newspapers and other reports and staff of shopping malls were used.

To collect the primary data the main research instrument used is the questionnaire. For the current study, a questionnaire was prepared on consumer buying behavior towards malls with reference to Lucknow. It was close and open ended. It was distributed to the consumers to know their opinion, only after their consent to reply. Respondent made a choice, as questionnaire had options in each question. Non probability convenience sampling method was adopted i.e. random selection method of the consumers. A Personal Interview was carried out to know the response of consumers while they were shopping. Under this method more questions can be asked, which helps in collecting additional information. This additional information may be useful for the study.

VI. Working Hypothesis

1. Age group of consumers & their behavior of organized retailing is that it is for affluent class.
2. The retail outlets significantly influence the consumer satisfaction.

VII. Data Analysis and Interpretation

The data was collected with the help of questionnaire from the different malls (Shoppers stop, Phoenix mall, Fun republic) from different consumers.

Table 2: Respondents Purchase Decision Is Mainly Influenced By

Persons	Modern		Conventional	
	More (%)	Less (%)	More (%)	Less (%)
Family	17%	08%	17%	08%
Friend	25%	08%	08%	08%

Collectively	42%	17%	25%	08%
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Table 3: Frequency of Visits to Shopping Malls

S.No	Frequency	Percentage
1.	Daily	17%
2.	Weekly	25%
3.	Fortnightly	25%
4.	Monthly	33%

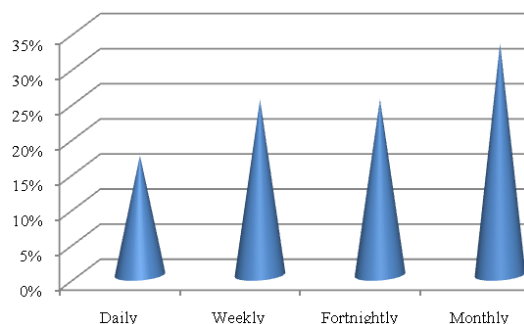


Table 4: Purpose of Visiting Malls

S. No.	Purpose	% of Respondents
1	For Shopping	42%
2	For Entertainment	25%
3	For Window Shopping	16%
4	For Impulsive Buying	17
Total		100%

Table 6: Reason for Buying from Shopping Malls

Particulars	Percentage%
Nearness to house and locality	30%
Good Range availability	25%
Friendly shopping environment	20%
Good Ambience	25%
Total	100%

Table 5: With Whom You Most Often Visit Malls

S. No.	Persons	% of Respondents
1	Friends	25%
2	Colleagues	17%
3	Family	33%
4	Social class	25%
Total		100%

Table 7: Occasion to Visit Shopping Malls

Particulars	Percentage%
Festivals	20%
Weekends	35%
Offer time	30%
No specific reason	15%

VIII. Analysis of Hypothesis

H₀: The age group of the consumers and their behavior of organized retailing is that it is for the affluent class.

Table 8: Age of Consumers and Their Behavior at Organized Retail Outlets

Age	Organized Retailing is for Affluent Class		
	Yes	No	Total
≤ 25 years	12	26	38
> 25 years	7	15	22
Total	19	41	N = 60

Notes: Chi-square(Calculated) Value = 1.007; Chi-Square(Table) Value = 3.84 (at 1 d.f. and 5% LOS)

Source: Field Survey

The above table shows that null hypothesis is accepted.

H₀: The retail outlets significantly influence the consumer satisfaction

Table 9: Retail Outlets and Consumer Satisfaction

Retail Outlet	Consumer Satisfaction		
	More	Less	Total
Modern	25	10	35
Traditional	16	9	25
	41	19	N = 60

Notes: Chi-square (Calculated) Value = 0.3719; Chi-Square(Table) Value = 3.84 (at 1 d.f. and 5% LOS)

Source: Field Survey

The above table shows that the null hypothesis is accepted .This means that the modern retail outlets attract the customer base.

IX. Findings of Study

1. The respondents were more satisfied with shopping from modern retail malls.
2. Respondents feel comfortable to shop from malls.
3. Modern retail outlets are more preferred in comparison to the traditional shopping.
4. Age group of the respondents influences consumer buying behavior.

X. Limitations of Study

1. Consumers were reluctant to respond and hence result may be biased.
2. Responses of the consumers were vague to deduct exact findings.

XI. Conclusion

Organized retailing is considered as the benchmark for development and India is no exception. The sector has recognized growth with switch of customers from un-organized retail to organized ones.

Growth in the Indian organized retail market is mainly due to the change in consumer's behavior. This change has come in the consumer due to increased income, changing lifestyles, and patterns of demography which are favorable. Now the consumer wants to shop at a place where he can get food, entertainment, and shopping, all under one roof. This has given Indian organized retail market a major boost. But still a countable chunk of population is satisfied with the un-organized retailing. Hence, organized sector in retailing has to go a long way.

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